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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Via Hand Delivery

Mr. William F. Caton
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

*Re: Horizon Personal Communications, Inc.
Notice of Ex Parte Presentation - WT Docket No. 97-82/ DA 97-679*

Dear Mr. Caton:

On August 12, 1997, Horizon Personal Communications, Inc. ("Horizon") hand delivered a letter addressing issues related to the restructuring of broadband PCS C-Block installment payments, to Mr. Jon Garcia of the FCC's Office of Plans and Policy. Copies of the letter have also been hand delivered to Ms. Jackie Chorney, Mr. David Siddal, Ms. Suzanne Toller and Mr. Rudolfo Baca. A copy of Horizon's written presentation is attached hereto in accordance with Rule Section 1.1206.

Sincerely,

A handwritten signature in black ink, appearing to read "William A. McKell".

William A. McKell
President
Horizon Personal Communications, Inc.

cc: Ms. Jackie Chorney
Mr. Jon Garcia
Mr. Rudolfo Baca
Mr. David Siddal
Ms. Suzanne Toller

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August 12, 1997

Via Facsimile Telecopier and Hand Delivery

Mr. Jon Garcia
Office of Plans and Policy
Federal Communications Commission
1919 M Street, NW, Room 822
Washington, DC 20554

**Re: *Further Ex Parte Comments of Horizon Personal Communications, Inc.
 WT Docket No. 97-82, Public Notice DA 97-679***

Dear Mr. Garcia:

In its comments and reply comments to the above-captioned proceeding, and in its *ex parte* meetings with you and other Commission staff, Horizon Personal Communications, Inc. ("Horizon") has supported allowing broadband PCS entrepreneurs a number of options to restructure their license payment and system buildout obligations, and has supported an "amnesty" proposal whereby PCS licensees could return selected BTA licenses for reauction without the imposition of cross-default or other penalties. Horizon is aware of Commissioner Ness' recent remarks to the Wall Street Journal concerning the possibility of an amnesty program; and it is aware of an "amnesty-by-thirds" proposal, discussed in a recent *ex parte* filing by Americall International, L.L.C. ("Americall"), which would allow licensees to disaggregate portions of their licensed spectrum and to return such disaggregated spectrum to the Commission in exchange for a proportionate reduction of their ongoing debt obligations. Horizon would generally support this or similar disaggregation proposals, so long as licensees electing this option may: (1) credit a proportionate share of their down payment for the returned spectrum toward prepayment of interest on their remaining spectrum; (2) choose the markets that will be the subject of disaggregation; and (3) participate in any reauction of the returned spectrum, yet be precluded from bidding in markets for which they returned spectrum.

Credit Amount Paid for Returned Spectrum Toward Installment Obligations

If the Commission elects to provide licensees with an amnesty option, Horizon believes that licensees should receive full credit for the payments they have already made to the Government for the returned spectrum, with the option of crediting these amounts toward making interest payments on their existing obligations. Simply applying these credited payments toward reduction of the outstanding principal for retained licenses (or spectrum) will not solve the cash-flow problems that many licensees will face, if the Commission immediately resumes quarterly or annual interest payments. Moreover, it will discourage the rapid buildout of C-Block systems and provision of service to the public as licensees will be forced to conserve their operating capital to make interest payments. The Commission's policies should encourage C-Block licensees to devote their resources to providing advanced wireless services to the public (especially in non-metropolitan areas) as quickly as possible. Such an arrangement would amount to a *prepayment* of interest, rather than a deferral of the carrier's remaining interest obligations. This measure is absolutely necessary if many entrepreneurs are to provide service in the near term, and the C-Block as a whole is to succeed in the long-run.

Horizon Supports A Selective Amnesty Approach

Horizon would like to reiterate its belief that any amnesty program adopted by the Commission should be one that allows for *selective* return of BTA licenses. If the Commission allows the partial return of PCS spectrum through disaggregation, it should allow licensees to elect this option for a portion of their licenses, and not adopt an "all-or-nothing" approach. Many C-Block licensees, such as Horizon, have already begun the buildout of their 30 MHz systems in some of their BTA markets, and are negotiating to relocate incumbent users over the full range of their spectrum. For these entities, who are well on their way to providing service and further competition, an all-or-nothing approach to amnesty would turn a potentially helpful solution into an unreasonable option.

Allow Limited Participation in any Reauction

Horizon believes that any reauction should be limited to entities that either: (1) qualify as an entrepreneur at the time of the reauction; or (2) qualified as an entrepreneur and participated in the initial C-Block auction. Licensees who take advantage of the amnesty program should be allowed to participate in the reauction provided that they cannot bid on markets for which they have returned spectrum. Allowing such participation will increase the competitiveness of the reauction, and

allow small businesses to expand their coverage by winning an amount of spectrum they can more readily afford.

Provide Licensees With a Range of Options

Finally, Horizon is not convinced that a one-size-fits-all approach to the C-Block installment financing crisis will provide adequate relief to the majority of small business entrepreneurs. In conjunction with any amnesty option, the Commission should provide a modest restructuring of C-Block debt, move from quarterly to annual installment payments, relax foreign ownership restrictions consistent with the recent WTO agreement, and allow a modest reduction in the control group minimum equity requirements.

Thank you for your consideration of Horizon's proposals.

Sincerely,

A handwritten signature in dark ink, appearing to read "William A. McKell". The signature is fluid and cursive, with a large, stylized "M" at the end.

William A. McKell
President

cc: Ms. Jackie Chorney
Mr. Rudy Baca
Mr. David Siddal
Ms. Suzanne Toller